

By: Barrientos

S.B. No. 638

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the award of a grant and reporting requirements under
3 the Texas Enterprise Fund.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 481.078, Government Code, is amended by
6 adding Subsection (e-1) to read as follows:

7 (e-1) In making a grant of money from the fund, the governor
8 shall develop a mechanism that gives greater consideration to
9 potential recipients who commit to using grant money to purchase
10 goods and services that result in the creation or retention of jobs
11 in this state.

12 SECTION 2. Section 481.078, Government Code, is amended by
13 amending Subsection (f) and adding Subsections (g)-(h) to read as
14 follows:

15 (f) Before awarding a grant under this section, the governor
16 shall ~~may~~ enter into a written agreement with the entity to be
17 awarded the grant money specifying that:

18 (1) if the governor finds that the grant recipient has
19 not met each of the job creation targets, wage level targets, and
20 other performance targets specified in the agreement as of a date
21 certain provided in the agreement:

22 (A) the recipient shall repay the grant and any
23 related interest to the state at the agreed rate and on the agreed
24 terms; and

1 (B) the governor will not distribute to the
2 recipient any grant money that remains to be awarded under the
3 agreement;

4 (2) if all or any portion of the amount of the grant is
5 used to build a capital improvement:

6 (A) the state retains a lien or other interest in
7 the capital improvement in proportion to the percentage of the
8 grant amount used to pay for the capital improvement; and

9 (B) the recipient of the grant shall, if the
10 capital improvement is sold:

11 (i) repay to the state the grant money used
12 to pay for the capital improvement, with interest at the rate and
13 according to the other terms provided by the agreement; and

14 (ii) share with the state a proportionate
15 amount of any profit realized from the sale; and

16 (3) [~~2~~] if, as of a date certain provided in the
17 agreement, the grant recipient has not used grant money awarded
18 under this section for the purposes for which the grant was
19 intended, the recipient shall repay that amount and any related
20 interest to the state at the agreed rate and on the agreed terms.

21 (g) The grant agreement may include a provision providing
22 that a reasonable percentage of the total amount of the grant will
23 be withheld until specified job creation targets, wage level
24 targets, and other performance targets are met by the entity as of
25 the date described by Subsection (f)(1).

26 (h) The governor, after consultation with the speaker of the
27 house of representatives and the lieutenant governor, shall

1 determine:

2 (1) the date required to be contained in the grant
3 agreement as provided by Subsection (f)(1);

4 (2) the job creation targets, wage level targets, and
5 other performance targets required to be contained in the grant
6 agreement as provided by Subsection (f)(1); and

7 (3) if the grant agreement includes the provision
8 authorized by Subsection (g), the percentage of grant money
9 required to be withheld.

10 SECTION 3. Subchapter E, Chapter 481, Government Code, is
11 amended by adding Sections 481.079 and 481.080 to read as follows:

12 Sec. 481.079. ECONOMIC AND FISCAL IMPACT STATEMENT FOR
13 CERTAIN GRANT PROPOSALS. (a) Before the governor awards a grant
14 under Section 481.078 to an entity for a proposed initiative, the
15 office shall prepare a statement that, specifically and in detail,
16 assesses the direct and indirect economic impact that approval of
17 the grant will have on the residents of this state.

18 (b) The statement must include:

19 (1) for the period covered by the grant:

20 (A) the estimated number of jobs to be created in
21 this state by the potential recipient each biennium; and

22 (B) the estimated median wage of the jobs to be
23 created in this state by the potential recipient each biennium;

24 (2) the additional amount of ad valorem taxes, sales
25 and use taxes, and fee revenues projected to be generated each year
26 by governmental entities of this state;

27 (3) the projected earnings of the potential recipient

1 resulting from the proposed initiative or initiatives;

2 (4) the amount of any franchise tax revenue projected
3 to be generated by this state;

4 (5) the total amount of tax credits, local incentives,
5 and other money or credits estimated to be distributed to the
6 proposed grant recipient by governmental entities of this state;
7 and

8 (6) any other information the office considers
9 necessary to include in the statement.

10 Sec. 481.080. ANNUAL REPORT ON TEXAS ENTERPRISE FUND. (a)
11 Not later than September 1 of each year, the governor shall submit
12 to the lieutenant governor, speaker of the house of
13 representatives, and each other member of the legislature a report
14 on grants made under Section 481.078 that:

15 (1) states the total number of jobs each recipient has
16 created in this state;

17 (2) describes the tax credits, local incentives, and
18 other money or credits distributed to each recipient by
19 governmental entities of this state;

20 (3) states the total amount of tax credits, local
21 incentives, and other money or credits distributed to each
22 recipient by governmental entities of this state;

23 (4) states the geographical distribution of grants by
24 county;

25 (5) includes the most recent audited consolidated
26 annual financial statement of each recipient; and

27 (6) includes a summary of the statement prepared for

1 each grant proposal under Section 481.079.

2 (b) The report may not include information that is made
3 confidential by law.

4 (c) The governor may require a recipient of a grant under
5 Section 481.078 to submit, on a form the governor provides, any
6 information necessary for completion of the report.

7 SECTION 4. The changes in law made by this Act to Section
8 481.078, Government Code, apply only to an agreement that is
9 entered into on or after the effective date of this Act. An
10 agreement that is entered into before the effective date of this Act
11 is governed by the law in effect on the date the agreement was
12 entered into, and the former law is continued in effect for that
13 purpose.

14 SECTION 5. This Act takes effect September 1, 2005.